Information Systems Learning Network

Topic 1: Labor Market Analysis

States are developing new approaches to labor market analysis that allow them to anticipate and respond to the needs employers and industries and support state and local economic development efforts. Most states are focusing on improving demand analysis. Some states also are conducting supply analysis to identify key gaps in meeting the needs of employers and industries. In conducting both demand and supply analyses, states are addressing some pivotal questions. These questions are summarized below.

1. Demand Analysis

1.1   How do you define meaningful yet realistic markets for analysis?

- ❑ How do you define the most appropriate labor market areas for demand analysis? Should states promote demand analysis on labor market areas (i.e., commuting areas) or larger economic areas even when they are larger than LWIB and/or state boundaries?
- ❑ What are the most appropriate benchmark areas for comparing employment concentration and growth? Should states use national, state, or benchmark labor market areas within and outside state boundaries?
- ❑ Should states focus on specific sectors, industries, or clusters for analysis? If so, how should states define and select industries/sectors/clusters?
- ❑ Should states define other types of market segments for analysis other than industries/sectors/clusters (e.g., market niches, types of employers)?

1.2   How do you develop accurate and reliable estimates of employment demand and compensation and career structures?

- ❑ What are leading practices in developing industry and occupational projections? What are the most appropriate industry and occupational levels for developing and reporting projections?
- ❑ How do states collect and analyze employer estimates of employment growth and job openings in occupations (e.g., state job vacancy surveys, industry association surveys, sector forums/focus groups)?
- ❑ How is this employer input integrated into industry and occupational projections to produce more accurate and reliable estimates of employment demand and the changing occupational structures of industries/sectors/clusters?
- ❑ How do states develop accurate and reliable information on compensation for industries and occupations? What are the types of compensation (e.g., wages/earnings, benefits) addressed? How do states describe the significant variations in compensation among employers in the same industry and labor market?
- ❑ How do you determine and describe vertical and horizontal career progression opportunities within sectors or markets (e.g., career pathways)? How do you

determine key recruiting channels and entry points and actual/potential flows between occupations?

1.3   How do you determine skill and qualification requirements?

- ❑ What is the most appropriate scope for analyzing knowledge and skill requirements (e.g., business functions/work processes, occupational clusters, occupations)?
- ❑ What are the most appropriate frameworks for analyzing and describing skills requirements (e.g., WorkKeys, ONET, industry skill standards)?
- ❑ How do you determine the qualifications (work experience, education, credentials, other types of skill documentation) necessary to gain employment?
- ❑ How do you describe the significant variations in work organization and skill and qualification requirements among employers in the same industry and labor market? Do you seek to define commonalities or averages or fully describe major types or configurations?

2.   Supply and Gap Analysis

2.1   How do you describe skills and qualifications of the workforce?

- ❑ What are the most appropriate frameworks for analyzing and describing skills of workers at the individual and aggregate levels (e.g., WorkKeys, ONET, industry skill standards)?
- ❑ How do you develop aggregate skill and qualification profiles of workers within markets?

2.2   How do you determine the current supply and flows of workers?

- ❑ How do you determine the actual and potential suppliers of qualified workers (e.g., educational/training providers)? How do you identify employer recruitment areas/channels and the full network of suppliers?
- ❑ How do you estimate the current and projected supply of qualified workers from suppliers?
- ❑ How do you determine the flow of qualified workers from suppliers to targeted markets (e.g., UI wage records)? How do you determine inflows and outflows in labor market areas?

2.3   How do you determine and describe labor/skill gaps or shortages?

- ❑ How do you determine whether employers are finding sufficient numbers of qualified workers?
- ❑ How do you describe or profile these gaps or shortages?
- ❑ How do you determine the root causes of these shortages and whether they require short-term and/or long-term solutions?